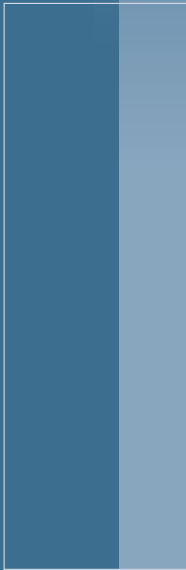
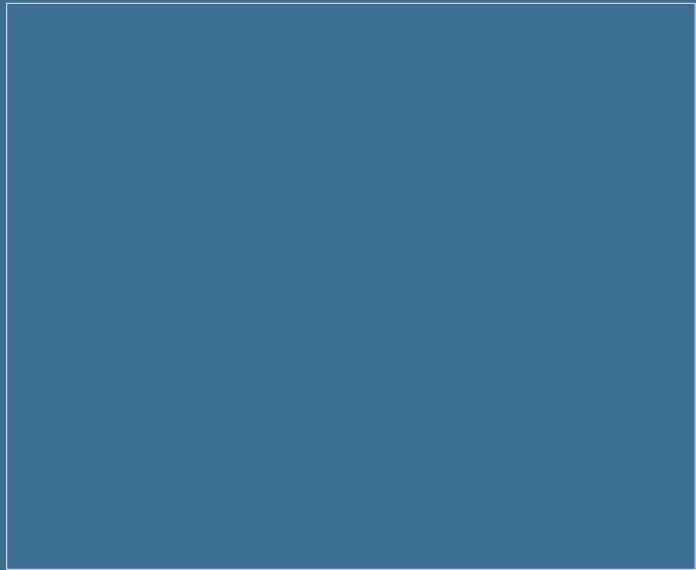
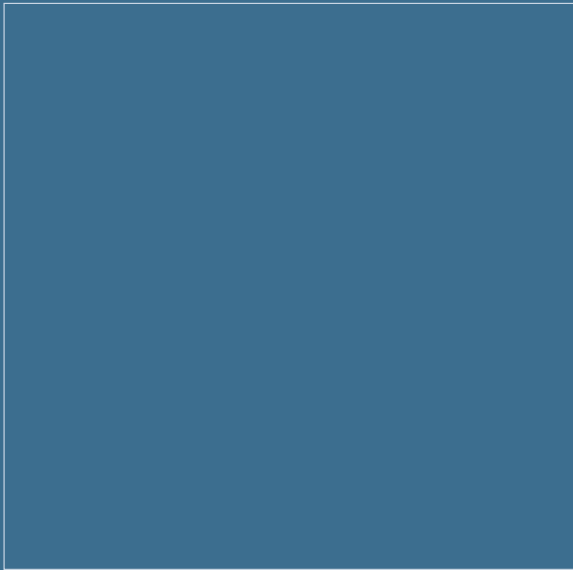


annual report | 2009



Tumbarumba Financial
Services Limited
ABN 82 121 010 839

Tumbarumba **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2009

The year ending 30 June 2009, our second full year of operations has seen the most challenging set of circumstances for the banking sector for decades. The ongoing drought and lack of confidence by many in business combined with the global financial crisis has seen much restructuring in the banking industry and a tightening of margins.

Whilst our business continues to grow, the tight margins across the industry have contributed to requiring us to reach an even higher level of business before break even point is reached.

Predictions are that margins will become more favourable over the coming year and together with a number of initiatives by the Manager and the Board we will see a better result in 2009/10.

There have been a number of staff changes during the year which have caused disruption to the business and reduced the available time for our Manager to get out and grow the business. With a number of new faces in the branch and much staff training completed we will hopefully enter a period of stability.

Many Directors have also given their time to attend conferences and training as well as embarked on a number of other initiatives to grow the business.

I thank my fellow Directors and our staff for their continuing dedication and look forward to a successful 2009/10.



Colin Nagle
Chairman

Manager's report

For year ending 30 June 2009

It is again with great deal of satisfaction and pleasure that I present the Manager's report for the financial year ending 30 June 2009, being the second full year of business for Tumbarumba **Community Bank**[®] Branch which continues to serve the community as the only full service bank.

The year in review

The year has been one of highs and lows which have been both a challenge and a delight as we have strived to fulfil our commitment to the community and our parent – Bendigo and Adelaide Bank Ltd. The delights have come in the form of finally broaching our much sought after intermediate target of \$20 million in total business which has been achieved despite some of the most difficult financial conditions encountered in Australia's, and indeed the world's, history.

Secondly - the recognition by Tumbarumba Chamber of Commerce in being awarded "Best Business non – retail", "Best Chamber of Commerce business", and the most prestigious in our eyes – "Best Customer Service". We have strived to be "the best" in our community in this regard and to be recognised in this way is a tribute to the staff who have given above and beyond to fulfil the ideals in which Bendigo and Adelaide Bank Ltd prides itself.

Challenges have come as the world has encountered the "Global Financial Crisis". In this regard the community can be thankful that they have the strength of Bendigo and Adelaide Bank Ltd which in its 150 year history has never failed to meet a depositor's request to redeem funds on deposit.

Notwithstanding the "crisis" - Tumbarumba **Community Bank**[®] Branch has continued to grow at a steady pace throughout the year. Perhaps the greatest challenge to our local branch has come through what has proven to be a very fragile staffing position which has placed inordinate pressure on management and staff throughout the year.

The Business

We started the year with just over \$17 million in total business (footings) and set ourselves a challenging target of \$28 million by the end of 2010 financial year in order to "break even" based on the profitability model current at the time. Regrettably - through circumstances beyond our local control - as the year progressed the "goal posts" kept changing with pressures, especially on interest margins, brought on by the Global Financial Crisis. This had an appreciable and detrimental impact on our ability to generate the income needed to maintain our momentum to achieving our breakeven target.

Our expenses over which we do have control have been kept to a minimum and contained within close proximity to projections. This aspect has impacted favourably on our local efforts to improve our profit performance. Regrettably we have little control over the external expenses incurred in the overall day to day operational running of the branch which are set by Bendigo and Adelaide Bank Ltd, and despite these expenses overall we have been generally in line with projections for the year.

Manager's report continued

Notwithstanding this aspect the business of the branch has continued to increase and I am pleased to report that we have consolidated over \$20 million in our footings, and are well on the way to \$25 million which I am hopeful will be breached by 31 December 2009. With the consolidation of business over \$20 million, Bendigo and Adelaide Bank Ltd's contribution to our Market Development Fund will increase to \$20,000 per annum, thus enabling the Board of Tumbarumba **Community Bank**[®] Branch to make even greater investments into the Tumbarumba community, fulfilling its very reason for being established.

The staff

The staffing position has been one of instability over the year which has placed inordinate pressure upon management in maintaining the level of efficiency that our staff endeavours to provide on a day to day basis. The departure of Helen Kellam, the last of our original staff, to Coffs Harbour in November left a gaping hole in our experienced staff and in many respects we have been battling to recover from that over the ensuing period. To Helen I must pay the highest compliment for her dedicated effort to cover the gaps on what was virtually a full time basis from the beginning of the financial year until the day of her departure.

Replacement recruitment has seen those chosen as having a short longevity with Donna Gollan departing to enable her to fulfil family commitments, and Emma McLaren to take up a medical receptionist position in Albury. That brought Belinda Chacos to our team. Belinda to our advantage brought prior banking experience to our ranks which enabled her to quickly settle into the role and she has played an invaluable role in assisting management to cope with the ongoing staff shortages. Belinda has displayed a loyalty to me, and a dedication to the Bank for which I cannot give high enough praise.

By far the greatest impact on our overall staffing position was the sudden vacancy created with Deb Metcalf having to undergo radical surgery. Latest reports as at time of writing are that Deb will not be rejoining our ranks until January 2010 at the earliest. We continue to wish Deb a speedy recovery as she adopts a very positive attitude in dealing with her situation.

I would take the opportunity of thanking both Cheryl King and Annalise Hewitt, from Wagga Wagga branch for their continuing support through this difficult and trying time.

Management of both the branch and Bank's region are in the process of recruiting further staff in order to overcome and stabilise this situation into the future.

Looking to the future

Despite the economic climate being seen to be improving the Board has been confronted with the prospect of the breakeven point in order to achieve profitability extending out to \$38 million by end of financial year 30 June 2011. Whilst seeming to be a daunting task - the increase in business being offered to us since the beginning of the new financial year has taken an exponential leap forward.

Without wishing to downgrade the enormity of the task before us, I would like to think that as time progresses and we take advantage of the events which have no doubt triggered that growth viz downgrading of NAB services locally and extension of a substantial consumer lending approval delegation to myself personally by Bendigo and Adelaide Bank Ltd thus enabling us to provide quick decisions on loan applications at a local level – we will edge closer to our stated aims.

Manager's report continued

As the new financial year unfolds there is evidence that our profit performance against projections is trending favourably in both income and expense categories and we look forward to that continuing. The greatest challenge confronting us remains convincing the Tumbarumba community of the benefits of simply banking with their local **Community Bank**[®] branch.

The Board has been proactive of late in conducting a number of community events targeting both prospective valued clients and shareholders and again "selling" the **Community Bank**[®] model and revitalise its benefit to the Tumbarumba community.

Conclusion

The year ahead will not be without its challenges, but as we work together as a community and realise the benefits for Tumbarumba by banking with its **Community Bank**[®] branch progress will be made!

Our staff remain committed to providing the best banking service in our town, along with the full range of Bendigo and Adelaide Bank Ltd products which are second to none in comparison to our competitors.

I look forward to your support in recommending your Tumbarumba **Community Bank**[®] Branch to your family and friends as their preferred banker.

As I did last year - I urge you to consider your own position and if as a shareholder you have not placed your banking business with your local **Community Bank**[®] branch – now is the time!

I look forward to a successful year for your **Community Bank**[®] branch.



Jeff Morris
Branch Manager

Directors' report

For year ending 30 June 2009

The Directors present their report together with the accounts of Tumbarumba Financial Services Limited for the year ended 30 June 2009.

Directors

The names of Directors who held office during or since the end of the year are:

Colin James Nagle	Lachlan Ian MacKenzie
Anthony Owen A'Beckett	Bruce Bertram Alleyne
Malcolm Paul Barclay	Lois Elizabeth Elliot
Julie Maree Giddings	Albert George Martin
Malcolm Antony Marshall	Graham Bradfield Smith
Dannye Martin Brennan	Roy Francis Edwards
Daniel Murray Martin	

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There has been no significant change in the nature of these activities during the year.

Result

The net loss of the Company for the financial year after provision for income tax was (\$198,200) (2008 loss of \$213,852).

Matters subsequent to the end of the reporting period

There are no matters or circumstances that have arisen since the end of the reporting year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

Directors interests and benefits

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the Company with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial interest.

Directors' report continued

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Dated at Wagga Wagga 3 September 2009.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to be 'Colin Nagle', with a large loop at the end of the name.

Colin Nagle
Director

Auditor's independence declaration

As lead Auditor for the audit of Tumbarumba Financial Services Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) No contraventions of the Auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell

Chartered Accountants



P J King

Partner

Wagga Wagga

3 September 2009

Financial statements

Income statement For year ending 30 June 2009

	Note	2009 \$	2008 \$
Revenues from ordinary activities	2	185,915	132,759
Employee expenses		(178,435)	(183,766)
Advertising and promotion expense		(4,132)	(4,786)
Occupancy and associated costs		(54,377)	(34,881)
Depreciation and amortisation		(22,842)	(22,728)
Systems costs		(37,245)	(41,392)
Administration expenses		(87,084)	(59,058)
Net profit from ordinary activities before income tax expense		(198,200)	(213,852)
Income tax expense relating to ordinary activities	3	-	-
Net profit from ordinary activities after related income tax expense		(198,200)	(213,852)
Total change in equity other than those resulting from transactions with owners as owners		(198,200)	(213,852)
Earnings per share		(31.62 cents)	(34.27 cents)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2009

	Note	2009 \$	2008 \$
Current assets			
Cash	5	5,028	-
Receivables	6	31,709	1,456
Other financial assets	7	-	3,398
Total current assets		36,737	4,854
Non-current assets			
Property, plant & equipment	9	191,777	212,619
Intangible assets	10	5,500	7,500
Deferred tax asset	8	63,870	63,870
Total non-current assets		261,147	283,989
Total assets		297,884	288,843
Current liabilities			
Payables	11	20,786	12,724
Provisions	13	3,765	9,221
Overdraft	5	240,062	33,027
Loan - Council	12	2,300	4,700
Total current liabilities		266,913	59,672
Total liabilities		266,913	59,672
Net assets		30,971	229,171
Equity			
Issued capital	14	593,875	593,875
Retained profits	15	(562,904)	(364,704)
Total equity		30,971	229,171

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts in the course of operations		171,228	134,093
Cash payments in the course of operations		(370,835)	(324,277)
Net cash used by operating activities	16(ii)	(199,607)	(190,184)
Cash flows from investing activities			
Payments for property, plant & equipment		-	(1,090)
Net cash used in investing activities		-	(1,090)
Cash flows from financing activities			
Proceeds from issue of shares		-	15,000
Repayment of loan		(2,400)	(2,300)
Net cash used in financing activities		(2,400)	12,700
Net increase / (decrease) in cash held		(202,007)	(178,574)
Cash at the beginning of the financial year		(33,027)	145,547
Cash at the end of the financial year	16(i)	(235,034)	(33,027)

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2009

	Note	2009 \$	2008 \$
Total equity at the beginning of the period		229,171	428,023
Net loss for the period		(198,200)	(213,852)
Dividends provided for or paid		-	-
Shares issued during period		-	15,000
Total equity at the end of the period		30,971	229,171

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Statement of significant accounting policies

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

(c) Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(d) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(g) Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(h) Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

(i) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(k) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements 40 years
- plant and equipment 2.5 - 40 years
- furniture and fittings 4 - 40 years

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(l) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(m) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

(n) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(o) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

(p) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(q) Contributed equity

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the financial statements continued

Note 1. Statement of significant accounting policies (continued)

(r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

	2009 \$	2008 \$
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Note 2. Revenue

Operating activities

Services Commissions	176,315	122,110
Other	9,597	14
	185,912	122,124

Non-operating activities

Interest	3	10,635
	185,915	132,759

Note 3. Income tax expense

The prima facie tax on loss from ordinary activities before income tax is reconciled as follows:

Operating loss	(198,200)	(213,852)
Prima facie tax on loss from ordinary activities at 30%	(59,460)	(64,156)
Add tax effect of:		
non-deductible expense	-	620
timing difference expense	233	1,521
blockable expense	(1,966)	(1,966)
Tax losses not brought to account	61,202	63,931
Income tax losses		
Future income tax benefit arising from tax losses are not recognised at reporting date as a realisation of the benefit is not regarded as virtually certain	61,202	63,931

Notes to the financial statements continued

	2009 \$	2008 \$
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Note 4. Profit from ordinary activities

Profit from ordinary activities before income tax has been determined after:

(a) Expenses

Amortisation of intangibles	2,000	2,000
Depreciation of non-current assets	20,842	20,728
Finance costs		307
Auditors remuneration	6,200	6,269

Note 5. Cash assets

Cash at bank	5,028	-
Bank overdraft	(240,062)	(33,027)
	(235,034)	(33,027)

Note 6. Receivables

Trade debtors	31,709	1,456
	31,709	1,456

Note 7. Other financial assets

Current

Prepayments	-	3,398
	-	3,398

Note 8. Deferred tax asset

Future tax benefit	63,870	63,870
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 9. Property, plant and equipment		
Plant and equipment - at cost	54,468	54,468
Less: accumulated depreciation	(26,283)	(17,666)
	28,185	36,802
Leasehold Improvements - at cost	190,599	190,599
Less: accumulated depreciation	(27,007)	(14,782)
	163,592	175,817
Total written down amount	191,777	212,619

Note 10. Intangible assets

Franchise fee - at cost	10,000	10,000
Less: accumulated depreciation	(4,500)	(2,500)
Total written down amount	5,500	7,500

Note 11. Trade and other payables

Trade creditors	14,194	10,724
Other creditors & accruals	6,592	2,000
	20,786	12,724

Note 12. Borrowings

Loan from Tumbarumba Shire Council	2,300	4,700
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Note 13. Provisions

Employee provisions	3,765	9,221
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Notes to the financial statements continued

	2009 \$	2008 \$
Note 14. Contributed equity		
626,650 Ordinary shares paid at \$1 (2007: 626,650)	626,650	626,650
Less: equity raising expenses	(32,775)	(32,775)
	593,875	593,875

Note 15. Accumulated losses

Opening balance	(364,704)	(150,852)
Net loss from activities after income tax	(198,200)	(213,852)
	(562,904)	(364,704)

Note 16. Cash flow information

(i) Reconciliation of cash

For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial performance as follows:

Cash at bank	(235,034)	(33,027)
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(ii) Reconciliation of operating profit to net cash used in operating activities:

Profit / (loss) for year	(198,200)	(213,852)
Non cash flows recored in ordinary activities		
Amortisation	2,000	2,000
Depreciation	20,842	20,728
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in receivables	(30,253)	2,175
(Increase) / decrease in other assets	3,398	
Increase / (decrease) in payables	8,062	(6,758)
Increase / (decrease) in provisions	(5,456)	5,523
Net cash used in operating activities	(199,607)	(190,184)

Notes to the financial statements continued

	2009 \$	2008 \$
Note 17. Earnings per share		
(a) Loss attributable to ordinary equity holders	(198,200)	(213,852)
<hr/>		
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	626,650	624,077
<hr/>		

Note 18. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Company is not exposed to commodity price risk.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Ltd.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Ltd and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo and Adelaide Bank Ltd mitigates this risk significantly.

Notes to the financial statements continued

Note 18. Financial risk management (continued)

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	5,028		-	-	-	-	-	-	-	-	0.05	0.04
Receivables			-	-	-	-	-	-	4,854	31,709	N/A	N/A
Financial liabilities												
Payables			-	-	-	-	-	-	12,724	207,786	N/A	N/A
Borrowings	(240,062)	(33,027)	-	-	-	-	-	-	4,700	2,300	Nil	Nil

Note 19. Related party transactions

There were no related party transactions between the Company and Directors during the year.

The names of the Directors who have held office during the financial year are:

Colin James Nagle	Julie Maree Giddings
Lachlan Ian McKenzie	Albert George Martin
Anthony Owen A'Beckett	Malcolm Anthony Marshall
Bruce Bertram Alleyn	Grahan Bradfield Smith
Malcolm Paul Barclay	Dannye Martin Brennan
Louis Elizabeth Elliott	Roy Francis Edwards
Daniel Murray Martin	

Note 20. Company details

The registered office of the Company is:

Tumbarumba Financial Services Limited
27 The Parade,
Tumbarumba NSW 2653

Notes to the financial statements continued

Note 21. Events occurring after the balance sheet date

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 22. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 23. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo and Adelaide Bank Ltd. The economic entity operates in one geographic area being Tumbarumba and surrounding districts of New South Wales.

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Company and economic entity;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Colin Nagle

Director

Dated 3 September 2009

Independent audit report

Independent Auditors' Report to the members of Tumbarumba Financial Services Limited

Report on the financial report

We have audited the accompanying financial report of Tumbarumba Financial Services Limited, which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Tumbarumba Financial Services Limited would be in the same terms if provided to the Directors as at the date of this Auditor's report.

Independent audit report continued

Auditor's opinion

In our opinion,

- a. the financial report of Tumbarumba Financial Services Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

JOHN L BUSH & CAMPBELL

Chartered Accountants



P J King

Partner

Wagga Wagga

3 September 2009

Directors' attendance 2008/09

	Jul	Aug	Sept	Oct	Nov	Jan	Feb	Mar	Apr	May	June	Eligible	Attended
Anthony a'Beckett	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	11	11
Bruce Alleyn	Y	AP	Y	Y	AP	Y	Y	Y	Y	Y	Y	11	9
Malcolm Barclay	Y	AP	Y	AP	Y	AP	AP	Y	Y	Y	AP	11	6
Dannye Brennan	Y	AP	AP	Y	AP	Y	Y	Y	AP	Y	AP	11	6
Roy Edwards (appointed 10 Dec 08)						Y	AP	AP	AP	AP	AP	6	1
Lois Elliot (resigned May 09)	Y	Y	Y	Y	Y	Y	Y	Y	AP	AP		10	8
Julie Giddings	AP	Y	Y	Y	Y	AP	AP	Y	AP	Y	AP	11	6
Lachlan Mackenzie	Y	Y	Y	Y	Y	Y	Y	AP	Y	Y	Y	11	10
Malcolm Marshall	Y	AP	Y	Y	Y	Y	Y	Y	AP	Y	AP	11	8
Albert Martin (resigned 23 Mar 09)	AP	Y	Y	AP	Y	Y	Y	Y				8	6
Daniel Martin (appointed 23 Mar 09)								Y	Y	Y	Y	4	4
Colin Nagle	Y	Y	Y	Y	Y	Y	Y	Y	Y	AP	AP	11	9
Graham Smith (resigned 23 Mar 09)	Y	AP	Y	Y	AP	Y	Y	Y				8	6

Y = Yes

AP = Apologies

Tumbarumba **Community Bank**[®] Branch
27 The Parade, Tumbarumba NSW 2653
Phone: (02) 6948 3399

Franchisee: Tumbarumba Financial Services Limited
27 The Parade, Tumbarumba NSW 2653
ABN: 82 121 010 839

www.bendigobank.com.au/tumbarumba
Bendigo and Adelaide Bank Limited,
The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR9072) (09/09)